

HOUSE FINANCE COMMITTEE  
April 14, 2021  
1:32 p.m.

[1:32:04 PM](#)

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 1:32 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Kelly Merrick, Co-Chair  
Representative Dan Ortiz, Vice-Chair  
Representative Ben Carpenter  
Representative Bryce Edgmon  
Representative DeLena Johnson  
Representative Andy Josephson  
Representative Bart LeBon  
Representative Sara Rasmussen  
Representative Steve Thompson  
Representative Adam Wool

MEMBERS ABSENT

None

ALSO PRESENT

Representative Dan Ortiz, Sponsor

PRESENT VIA TELECONFERENCE

Nicole Borromeo, Executive Vice President and General Counsel, Alaska Federation of Natives; Lacey Sanders, Administrative Services Director, Department of Education and Early Development, Office of Management and Budget, Office of the Governor.

SUMMARY

HB 169      APPROP: EDUCATION; PUPIL TRANSPORTATION

HB 169 was HEARD and HELD in committee for further consideration.

PRESENTATION: TRIBAL AMERICAN RESCUE PLAN ACT FUNDING

Co-Chair Foster reviewed the meeting agenda.

^PRESENTATION: TRIBAL AMERICAN RESCUE PLAN ACT FUNDING

1:33:18 PM

Co-Chair Foster asked members to hold questions to the end of the presentation.

NICOLE BORROMEO, EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL, ALASKA FEDERATION OF NATIVES (via teleconference), provided a PowerPoint presentation titled "Summary of the Provisions Benefitting Alaska Natives in the American Rescue Plan Act of 2021," dated April 14, 2021 (copy on file). She shared information about the Alaska Federation of Natives (AFN). [Note: due to poor audio quality the testimony was repeated at 1:43. See below for detail.]

Co-Chair Foster noted that the audio was not completely clear.

Ms. Borromeo tried calling in with her cellphone. She noted she was hearing static on her end of the line.

Co-Chair Foster noted that the audio was not great. He asked her to call into the teleconference number.

1:41:12 PM

AT EASE

1:43:43 PM

RECONVENED

Ms. Borromeo repeated her previous testimony due to audio difficulties. She detailed that AFN was the oldest and largest Native organization in Alaska, representing most of the regional and village corporations established under the Alaska Native Claims Settlement Act (ANCSA), all of the tribal nonprofit regional organizations or tribal consortia providing social services and healthcare to different regions, and 159 different federally recognized tribes. She planned to present on the Alaska Native or Native American

provisions in the American Rescue Plan Act (ARPA) of 2021. She was happy to go over the bill after her presentation.

Ms. Borrromeo turned to slide 2 and gave an overview of ARPA. She reported that \$1.9 trillion in funding was being pushed out throughout the country to help with COVID-19 recovery efforts. She explained the funding was available for a wide variety of programs touching nearly every federal agency. She stated for the first time in the country's history there was an immense tribal set-aside for Native people. She elaborated that \$32.5 billion was set aside for tribes, tribal organizations, and Native people. She remarked it was important to note that each tribal program had its own eligibility criteria. Generally, there were three different entities that would qualify for the fund. The first was a federally recognized tribe, meaning the tribe had to be on the List Act of 1994. The list included the 229 federal recognized tribal governments in Alaska. The second entities eligible were regional tribal nonprofits. The third group of entities were Alaska Native corporations, which qualified for the tribal set-aside under some provisions.

Ms. Borrromeo noted that whenever Indian tribes appeared in federal law, it was necessary to look at the definitional section to determine who was included in the definition of Indian tribe. She explained that sometimes Congress legislated in a manner aiming to impact economic policy, in which case, Alaska Native corporations were included. Other times, legislation only touched on tribal governance and tribal sovereign authority was impacted, in which case, the Alaska Native corporations and tribal nonprofits were not necessarily included because it only applied to federally recognized tribes that exercise self-governance powers.

[1:47:57 PM](#)

Ms. Borrromeo moved to a disclaimer on slide 3. She reported that the presentation was a high-level summary. She clarified there are numerous tax provisions and amendments to Medicaid and Medicare that were not covered in the presentation. She elaborated that she had tried to include all provisions with specific references to Indian-based programs or benefits. She relayed that additional research was necessary and legal counsel review was encouraged.

Ms. Borrromeo turned to slide 4 titled "Title I - Agriculture, Nutrition and Forestry." Title I included \$20.2 billion for socially disadvantaged farmers, ranchers, and forest landowners and operators. She detailed that the amount included two tribal set-asides: \$10.1 million for tribal colleges and universities; and \$10.1 million for Alaska Native and Native Hawaiian serving institutions of higher education. She elaborated that the funds could be for grants or loans to support education, extension, scholarships, and internships. She noted that often the loans would revert to a grant and funds would remain available until expended. She explained that funds were often allocated on a first come, first served basis; therefore, it was imperative for Alaska's tribes and tribal organizations to submit applications as soon as possible for any funding with the first come, first served notation.

[1:50:15 PM](#)

Ms. Borrromeo moved to slide 5 and highlighted \$4 billion available for food programs. She explained that the increment was included in the presentation even though there was no specific tribal set-aside because it was a large pot of money and funding was available to purchase food for distribution including seafood, seafood processing facilities and processing vessels eligible for grants and loans. She expounded there were many Alaska Natives who operated commercial fishing boats or set net sites. She added that tribal non-profit organizations would likely qualify for program participation and funding.

Ms. Borrromeo advanced to slide 6 and reviewed \$500 million available for rural health programs. She detailed that tribal non-profit organizations serving rural communities (not Anchorage, Fairbanks, or Juneau) and recognized tribes in rural communities were eligible for grants. Funds could be used for telehealth, facility construction, vaccine distribution, medical supplies, lost revenue, staffing, and nutrition programs. She noted it was a new pilot program and the [U.S.] Department of Agriculture had been directed to ensure the program was up and running within five months. She expounded that the department was currently holding a series of tribal consultations on the program to receive tribal input. Once the input was received, the department would issue more eligibility requirements. The slide included a reference to CFR 3570.61(a) for more information.

[1:52:17 PM](#)

Ms. Borrromeo addressed Title II on slide 7, which she described as a "mammoth" of a title within ARPA. She explained the title included several different tribal set-asides for Native people. One of the larger increments was \$1.072 billion for childcare development block grants and childcare stabilization grants. She noted that most of the funding would only be available to existing programs; therefore, qualifying Alaska tribes and tribal organizations would need to have already been operating a program. She highlighted that Alaska Native corporations were also eligible for the program. She noted that income requirements did not apply for the program. She highlighted that the program would loop in the largest tribal participation within the state including tribes on the federally recognized List Act, tribal nonprofits, and Alaska Native corporations. She identified several purposes the funds could be used for including personnel costs, rent, and mortgage. She relayed the funds would be available until the end of FY 24.

[1:53:43 PM](#)

Ms. Borrromeo highlighted \$25.401 million for Head Start on slide 8. The funds were for federally recognized tribes and tribal non-profits running existing programs. She detailed that Head Start was intricately formulated under existing allocation formulas. She elaborated that the department would rely on existing formulas and funds would remain available until expended and were on a first come, first served basis.

Ms. Borrromeo moved to slide 9 and reviewed \$19 million under Title II available for survivors of family violence. She listed three primary areas the funds could be used for including survivors of sexual assault and domestic violence; other emerging needs related to COVID public health, emergencies, and public health concerns; and to promote strategic partnership development and collaboration with other agencies outside of a tribe or tribal organization. Congress had specified that \$18 million would go to Tribal Family Violence and Prevention Act grantees; and \$1 million would be allocated for StrongHearts Native Helpline. She explained that when Congress had an affinity for certain programs and policies it deemed were working

across Indian country, it would be more specific in how it directed the department to use the funds. She specified that funds would remain available until expended.

[1:55:53 PM](#)

Ms. Borromeo addressed \$2.5 million for child abuse prevention and treatment on slide 10. She detailed that there was no state match for the increment; therefore, the funding would be a direct allocation to tribes and tribal organizations. She clarified the funds would remain available until expended. Additionally, there was \$1.75 billion for COVID-19 gene sequencing and surveillance. She expounded funds could be used to conduct, expand, and improve activities to sequence genomes, identify mutations, and survey the circulation and transmission of viruses and other organisms. She relayed tribal health departments were eligible for the funding and could enter into cooperative agreements with other states and localities. She explained the increment may be available for DHSS or different municipal health departments could use it to leverage the funds.

Ms. Borromeo advanced to slide 11 and highlighted a \$30 million tribal set-aside for local substance use disorder services including overdose prevention in Section 2706(b) of the act. She had tried to include the different sections of ARPA to make the fund locations easily identifiable for legislators looking to research the provisions. The specific funding was only available for federally recognized tribes and tribal non-profit organizations. She noted that ARPA was a little stricter on how the specific funds could be used. There were \$50 million for behavioral health grants available to federally recognized tribes and tribal non-profit organizations. She noted there were many different behavioral health grants throughout ARPA. The specific funds could be used for prevention, intervention, crisis management, substance abuse treatment, and telehealth. She explained the provision would allow Alaska Natives to apply for and capture some of the funds. She added that distribution of the funds would be strictly controlled by Congress. The use of the funds was outlined in Section 2707(b)(2).

[1:58:42 PM](#)

Ms. Borrromeo advanced to slide 12 and reviewed \$4.5 billion for low income home energy assistance programs. She detailed that even though all federally recognized tribes and tribal nonprofit organizations are eligible for grants, Alaska only had seven federally recognized tribes and six Alaska Native nonprofit organizations currently administering the funding. She directed committee members to the Low Income Home Energy Assistance Act (42 U.S.C. 8623) for more information.

Ms. Borrromeo moved to slide 13 and addressed \$15 million to help pay for water bills. Federally recognized tribes were eligible for the grants. She remarked that one challenge that would make it harder for Alaska to qualify was that many of its villages did not have water and sewer. She explained it was nearly impossible to have a water bill without running water in the first place. The funds would remain available through FY 2022. Additionally, there was a tribal set-aside for older Americans and family support. She detailed that the funds were for grandparents raising their grandchildren. She reported that federally recognized tribes, tribal nonprofit organizations, and Alaska Native corporations were eligible for grants that were available on a first come, first served basis. Funds would remain available until expended.

[2:00:34 PM](#)

Ms. Borrromeo moved to slide 14 and reviewed \$100 million for rural housing assistance to provide for temporary adjustment to income losses. She clarified the funding was not a tribal set-aside, but it had been included in the presentation as it was a large line item for applications to come through. She informed the committee that the Housing Act of 1949 would be very specific in terms of how the program was administered. She stated the importance of ensuring that legislative staff or other tribal organizations and Native entities interested in the set-aside were researching the ARPA provisions.

Ms. Borrromeo turned to slide 15 and noted that the funds were not necessarily tribal set-asides. The slide highlighted increments of \$7.66 billion for public health workforce, \$1.5 billion in block grants for community mental health services, and, \$1.5 billion in block grants for prevention and treatment of substance abuse. The increments were included in the presentation because AFN

believed tribal organizations and federally recognized tribes were eligible under the criteria as written. She noted that a nonprofit, private, or public organization was eligible for the \$7.66 billion if it demonstrated expertise in implementing public health programs and had an established relationship with state or local health departments, particularly in medically underserved areas. She relayed AFN believed it was a fantastic opportunity for the Alaska Native Tribal Health Consortium (ANTHC) and all of the regional health corporations to submit applications.

[2:02:18 PM](#)

Ms. Borrromeo reviewed slide 16 and remarked that the funds were not necessarily tribal set-asides but constituted other opportunities for Alaska Native entities to apply to receive different grants. The first increment on the slide was clear that Indian tribes and tribal organizations were eligible, but ARPA did not define either. She explained that the [U.S.] Department of Health and Human Services would likely rely on existing definitions of both of the terms. Tribes and tribal organizations were eligible to apply for the \$80 million in mental health and substance use disorder training for healthcare professionals and public safety officers.

[2:03:21 PM](#)

Ms. Borrromeo addressed the Title III - Banking, Housing, Urban Affairs - section of the bill. There was \$498 million under the newly established Homeowner Assistance Fund program to help recognized tribes, Tribally Designated Housing Entities (TDHEs), and the Department of Hawaiian Home Lands. She relayed funds could be spent to prevent mortgage delinquencies, defaults, foreclosures, and to provide utilities assistance and the displacement of homeowners experiencing financial hardship due to COVID-19. The formula allocation mirrored the Rental Assistance Program in the Coronavirus Aid, Relief, and Economic Security Act (CARES). She explained that Congress liked how Treasury formulated the CARES program. Congress specified that at least 60 percent of the allocation had to assist homeowners who met certain low income guidelines. Additionally, tribes that did not participate in the Indian Housing Block Grants were required to "opt in" by April 11 (no later than 30 days after enactment of ARPA) in order to participate. She relayed housing provisions in ARPA and

otherwise were very detail specific and most tribes and tribally designated housing entities eligible to receive the funds were tracking them in real time. Funds would remain available until the end of FY 2025.

[2:05:12 PM](#)

Ms. Borrromeo advanced to slide 18 and highlighted a tribal set-aside of \$500 million for the State Small Business Credit Initiative. She reported it was the first time Treasury had allowed tribes to participate in the program. She elaborated that Treasury was expected to begin making allocations within 60 days of the enactment of ARPA. Allocations would be based on employment and economic data. She relayed that interested tribal governments had to file a notice of intent with the department no later than 30 days after enactment of ARPA to be eligible for funding. She expounded that if a tribe or tribal organization had not filed a notice of intent by April 11, it would be too late to apply for the specific money.

[2:06:07 PM](#)

Ms. Borrromeo referenced an additional \$35 million in Federal Transit Administration grants on slide 19. The funding could be used to support tribal transit agencies impacted by COVID-19. Congress specified that of the total amount, \$30 million would be allocated through the Rural Areas formula grants; and \$5 million would be allocated through discretionary grants. Funds would remain available until the end of FY 2024. She clarified the funding was for federally recognized tribes running their own tribal transportation programs.

Ms. Borrromeo addressed Title IX of the bill related to finance. There was a \$74.85 million set-aside for pandemic emergency assistance (Sec. 9201). She elaborated that recognized tribes and tribal organizations that participate in the Temporary Assistance for Needy Families (TANF) were eligible for funding. She reported that Alaska had no tribes participating at the federally recognized level; only the state's regional tribal nonprofits were participating and were eligible. She added that funds would remain available until expended and would be administered on a first come, first served basis. Additionally, there was \$400 million for childcare assistance (Sec. 9801). Recognized tribes and tribal organizations that receive

annual mandatory funding were the only entities available for the funding.

[2:07:53 PM](#)

Ms. Borrromeo moved to slide 21 that encompassed the largest share of the tribal set aside: \$20.6 billion in Coronavirus State and Local Fiscal Recovery Funds; \$20 billion tribal set-aside, of which \$1 billion would be allocated equitably among all 574 recognized tribes; and the other \$19 billion would be allocated by the Treasury secretary on a discretionary basis. Recognized tribes were eligible for funding. Funds could be used to respond to the negative health and economic impacts of COVID-19, including providing premium pay to essential workers; replacing lost revenues necessary to support government services; and investing in water, sewer, and broadband infrastructure. Funds had to be allocated within 60 days of the enactment of ARPA and remained available through December 31, 2024.

Ms. Borrromeo turned to slide 21 and addressed the "lion's share" of the tribal set-aside. She detailed that of the \$32.5 billion, \$20.6 billion was included in Section 9901 of ARPA. Of the \$20.6 billion, \$20 million [billion] was designated in two different ways according to Congress. She elaborated that \$1 billion would be allocated equitably among all 574 federally recognized tribes, which was excellent for Alaska because it had 229 of the federally recognized tribes. The remaining \$19 billion would be allocated by the Treasury secretary on a discretionary basis.

Ms. Borrromeo expounded that Treasury had held a series of tribal consultations and most of the comments coming from the Lower 48 were pushing a formula based on population, land base, and economic impacts. She explained it would not be favorable to Alaska. She explained even though Alaska was the most Native state on pro rata basis, it had one of the lowest populations of Native people. Additionally, lands were not held by tribal governments in Alaska; they were owned and managed by Alaska Native corporations under the federal Alaska Native Claims Settlement Act (ANCSA). Lastly, Alaska's tribes did not operate tribal industry and businesses on the same level as some of the gaming tribes, oil and gas, or large tourism tribes in the Lower 48. On the contrary, the economic drivers for tribes in Alaska were primarily the Alaska Native corporations formed under

ANCSA. She relayed that AFN was not expecting Alaska to do incredibly well for the discretionary funds; however, they were tracking it closely.

Ms. Borrromeo shared that only federally recognized tribes were eligible for the specific funding and funds could be used in a wide array of activities for health and economic impacts of COVID including paying essential workers, repaying lost revenue, and supporting other government services including water, sewer, and broadband infrastructure. She reported that funds had to be allocated within 60 days of the enactment of ARPA. She noted that Treasury was working hard and fast to meet the deadline. Funds would remain available until December 31, 2024.

[2:10:48 PM](#)

Ms. Borrromeo reviewed slide 22 and highlighted \$500 million for local assistance and tribal consistency funds for federally recognized tribes. She detailed that tribes could use the funding for any governmental activity, except lobbying. She explained that funding would be distributed over the next two fiscal years and remain available until the end of FY 2023. Additionally, there was \$100 million for the Coronavirus Capital Projects Fund. The funds would be distributed in equal payments of no less than \$50,000 to each recognized tribe and the State of Hawaii to carry out critical capital projects in response to COVID-19. Only federally recognized tribes were eligible to apply for funding and funding had to be allocated within 60 days after the enactment of ARPA. She added that funds would be distributed on a first come, first served basis, and would remain available until expended.

[2:11:59 PM](#)

Ms. Borrromeo addressed the Indian Affairs section - Title IX. The title included \$6.094 billion for the Indian Health Service. She detailed that funding could be used to address the impacts of COVID-19 on the operation of essential health and sanitation programs. She expounded that Congress had been a bit more specific about the fund breakdown. She elaborated that \$1.34 [\$2.34] billion had to be used for vaccine campaigns, testing, tracing, mitigation efforts, and expanding or sustaining a public health workforce. Another \$2 billion had to be used for lost third-party

medical billing reimbursements. Funds were on a first come, first served basis, and remained available until expended.

[2:13:04 PM](#)

Ms. Borrromeo advanced to slide 24 and reviewed a \$900 million set-aside for the Bureau of Indian Affairs to distribute to different federally recognized tribes to address the impacts of COVID-19 on social welfare and public safety programs. Congress had specified the money needed to be allocated very specifically. She detailed that \$772.5 million would be allocated for government services including public safety and child welfare programs; \$100 million would be allocated for the bureau's Housing Improvement Program; \$20 million would be allocated to potable water delivery; and \$7.5 million would be allocated for administrative costs and oversight.

Ms. Borrromeo explained that the U.S. Department of Interior could not consider any allocation received to negatively impact tribes receiving funding under the Small and Needy Tribes Program. The program gave the base allocation to tribes that were "small" and "needy" under definitional sections. She detailed there were 310 tribes nationwide participating in the program, with 209 in Alaska. She remarked that Alaska did very well under the program and the funding coming through Section 1102 would not impact the program funding. Funds would remain available until expended. She relayed the department had held a number of consultations on the issue and all of Indian country was tracking the issue. She characterized it as the second most popular set-aside in addition to the large Treasury set-aside of \$20 billion.

[2:15:11 PM](#)

Ms. Borrromeo looked at slide 25 and discussed that the BIA [Bureau of Indian Affairs] would distribute \$750 million for housing assistance and support services. She reported that Congress had specified several different breakdowns in terms of how the money would be grouped together for distribution. She detailed that \$450 million would be allocated for the Indian Housing Block Grant program; \$280 million would be allocated for the Indian Community Development Block Grant program; \$10 million would be allocated for technical assistance; \$5 million would be allocated for the Native Hawaiian Housing Block Grant

program; and \$5 million would be allocated for administrative costs and oversight. She explained that recipients could use the funds for eligible COVID-19-related expenses incurred since January 21, 2020. Funds remain available until the end of FY 2025.

[2:16:09 PM](#)

Ms. Borrromeo highlighted that the Department of Interior was responsible for administering a \$20 million set-aside for Native language preservation and maintenance. She explained that the health department would take on the task instead and it was required to award the grants within 180 days of the enactment of ARPA. She detailed that eligibility was limited to entities receiving other language grants from the administration for Native Americans; therefore, the pool of applicants had been predetermined by Congress. Funds would remain available until expended. There was an additional \$190 million for American Indian, Alaska Native, and Native Hawaiian Education. She elaborated that the funding covered a broad array of different education organizations within the aforementioned groups. She detailed that Congress had specified the funds would be split evenly with \$85 million going to Alaska and \$85 million going to Hawaii. She reported that the department had to allocate the funds within 180 days of enactment of ARPA.

[2:17:30 PM](#)

Ms. Borrromeo concluded her presentation. She was available for questions. She hoped the presentation gave the committee a high-level summary of the different Native American provisions related to Alaska Natives that the state could leverage through ARPA.

Co-Chair Foster thanked Ms. Borrromeo for her presentation.

Representative Rasmussen looked at slide 7 and asked if the childcare and development block grants could be used for the Parents as Teachers program. She asked how many of the 229 tribes in Alaska currently had Head Start programs in place and how many families were served by the program.

Ms. Borrromeo answered that the 12 regional nonprofit organizations servicing most of the 229 tribes were operating Head Start programs on behalf of the tribes. All

of the 12 nonprofits offered a Head Start program in different villages throughout rural Alaska based on enrollment. She did not know the answer to the question about stipends for parents.

Representative Rasmussen suggested that perhaps the legislature could work with Ms. Borrromeo offline on the Parents as Teachers issue. She believed Parents as Teachers was a federal program and the state had been starting to do more with the program in rural Alaska. She was hoping to continue the effort. She requested a follow up on the number of enrollees in Head Start through the 12 regional corporations.

[2:20:30 PM](#)

Representative LeBon looked at slide 12 related to low income home energy assistance. He thought it appeared Alaska stood to do very well with the specific distribution of funds. He referenced the second bullet that only seven Alaska recognized tribes and six Alaska Native nonprofit organizations [were administering the funding]. He asked how the program could benefit Alaska.

Ms. Borrromeo replied that the program was deceptively beneficial to Alaska because only 7 of its 229 tribes and half of its tribal nonprofits were eligible to apply. The funding went to a number of different energy assistance programs and many tribes were working in partnership with state and federal energy agencies to further maximize the funding. She explained that because Alaska only had 7 tribes and 6 tribal nonprofits operating Low Income Home Energy Assistance Program (LIHEAP) programs, the state did not have the reach, which was part of the drawback for the state in the particular set-aside.

Representative LeBon thought at first glance the funding appeared to be a great opportunity. He stated there had been challenges with Alaska Native corporations getting access to CARES Act relief funds. He asked if that situation was in the past. Alternatively, he wondered whether an Alaska Native corporation would still have to fight for a share of the funding.

Ms. Borrromeo answered that the issue continued to be a live controversy. She detailed that the U.S. Supreme Court would hear oral arguments the following week on the 19th of

April. She explained that Congress sometimes included different Native entities, including Alaska Native corporations in a legislative definition of Indian tribes. She elaborated that when Congress had been legislating CARES it wanted to push out the most amount of money and have the broadest impact. Congress had decided to pull from the Indian Self-Determination and Education Assistance Act. She relayed that it was a familiar definition to Alaska and AFN liked the definition because it included all of Alaska's federally recognized tribes and Native corporations. Unfortunately, the inclusion of Alaska Native corporations in the CARES Act had been a very divisive wedge for Indian country.

Ms. Borrromeo detailed that the Lower 48 tribes had a real issue with the situation and believed Alaska would be unevenly impacted and benefitted if all 229 tribes and 245 corporations applied for the fund. The issue had been immediately tied up in litigation and it was currently on appeal to the U.S. Supreme Court. She explained the situation had nothing to do with tribal self-governance or sovereign immunity and unfortunately it was a bit of a red herring. She explained that if the court sided with the Lower 48 tribes and a handful of Alaska tribes and deemed Alaska's Native corporations as ineligible under the definition of tribes created by Congress it threatened to undo a lot of the good progress that had been made over the past 50 years in terms of self-determination.

[2:25:19 PM](#)

Representative LeBon thought it sounded like the issue would remain a complicated legal issue. He looked at slide 24 and was interested in housing for Village Public Safety Officer (VPSO) positions in rural Alaska. He explained it had been a struggle to find quality housing to support the program to help with recruitment and retention. He asked if any of the funds would be eligible for the purpose.

Ms. Borrromeo answered she would argue that the answer was yes. She detailed that \$772 million was allocated for government services, which included public safety; however, it was the argument that could be made from the perspective of not knowing all of the details. Unfortunately, the public safety program in ARPA tied back to an existing public safety program run by BIA and Alaska did not qualify. She stated it would be challenging to use the

funds for VPSO housing. She suggested that perhaps different provisions that were more housing specific would be a better fit.

[2:26:56 PM](#)

Vice-Chair Ortiz asked about the biggest roadblocks for tribal groups in Alaska to fully take advantage of the funds.

Ms. Borromeo responded that one of the biggest roadblocks for the state's 229 federally recognized tribes was low capacity in sufficient resources to hire staff to track the legislation to locate all of the different pots of money. She noted the legislation was the largest bill in the history of the U.S. She elaborated there were many different tribal set-asides through CARES, ARPA, and other sources. She explained that Alaska's tribes did not have the bandwidth to keep track of all of the different application deadlines and requirements in addition to following up and communicating with the various federal agencies. Additionally, a significant portion of the information was being sent electronically without advance notice. She explained that Alaska's tribes were not seeing the information because they did not have broadband on par with Lower 48 tribes.

Vice-Chair Ortiz surmised there was significant challenge based on Ms. Borromeo's answer. He asked if the challenges could be overcome and if there was anything the state could do to assist.

Ms. Borromeo answered that as shown on some of the slides, there were application deadlines that had already passed. She explained that some of the tribes were just learning about the different provisions currently even though federal agencies, AFN, and other tribal nonprofits had been trying to get the information out. She emphasized the vast number of things happening at the federal level including numerous consultations with different agencies and comments that were due, it was almost an information overload. She stated that unfortunately the Native community had missed some of the big deadlines. She highlighted that a future remedy would be tracking legislation more closely. She stated that "many hands make light work." She discussed a greater collaboration between the state and Native community. She noted the next big [federal] legislation

would be the infrastructure bill. She stressed it was necessary to ensure the work was divided in a way that allowed for reading the bill in real time and identifying applications the Native community could submit. She clarified they had not missed the boat on ARPA, but some pots of money set aside for tribes had been missed. She elaborated that the bigger increments, such as the \$20 billion from Treasury were still working their way through the federal agency consultation and allocation processes.

[2:30:49 PM](#)

Vice-Chair Ortiz noted that one of the slides addressed water. He discussed that there had been an ongoing issue with ensuring there was safe water in Alaska villages and that the program was funded. He asked if there would be any way to use some of the federal funds to address the issue even though funds would go directly to communities and tribes. He asked if the issue of village safe water was addressable via the federal funds.

Ms. Borrromeo replied in the affirmative. She pointed to slide 24 and highlighted that the allocation from Congress was limited to \$20 million. She shared that 40 percent of the Navajo nation did not have plumbed water. She explained that between Alaska, Navajo nation, and all other tribes in the country with water issues and shortages, it was not a large amount of money to go around. She shared that the Alaska Native community (especially tribes and regional nonprofits) had expertise in leveraging funds. She elaborated that if they were able to successfully apply and receive an allocation and if the state was able to provide matching funds, the dollars would go farther.

[2:33:07 PM](#)

Representative Carpenter did not know there had ever been a problem such as the current one. He highlighted the state deficit problem they were trying to solve that would take a couple of years. He noted that the sovereign tribal nations did not provide any revenue to the state budget, but the state budget provided services to members of the tribes and other Alaskans. He stated it was necessary to understand the decisions made by the sovereign tribes in regard to any federal funding they may receive in order to avoid duplicate efforts in the state budget. He did not know what the process was. He remarked there was not a process to

communicate with hundreds of sovereign nations within Alaska on fiscal issues. He stated there was money appropriated by the federal government directly to Alaskans that would impact the state budget, yet the state did not understand how the funds would impact the state budget. He wondered if there was a recommendation from AFN about ways to avoid duplicating funds.

Ms. Borrromeo answered that although the funds were tribal set-asides for tribal members, the State of Alaska still had a constitutional obligation to fund certain programs and services for all Alaskans, tribal and non-tribal residents alike. She highlighted that rural Alaska was not strictly made up of Alaska Natives. She stated that if the concern was too much money for rural Alaska and that perhaps the state did not need to allocate as much funding because of the ARPA tribal provisions, she underscored that it was not the message she hoped anyone on the committee received. She stressed that the federal funds were highly competitive between the nation's 574 tribes. The state's 229 tribes accounted for a substantial portion of the total; however, its tribes were much smaller than those in the Lower 48.

Ms. Borrromeo explained that in funding discussions with federal agencies there was almost always a formula that came out of the discussion and Alaska almost always lost. She furthered that Alaska did not have the large population that big tribes had, it did not have the land base that large reservation tribes had, and it did not have the economic benefit of owning casinos, oil and gas operations, or tourism businesses. She continued that there had been such a high level of underfunding in rural Alaska and to many areas where tribes were prevalent, even if Alaska captured all of the \$305 billion tribal set aside, which would not happen, there would still be funding issues.

Ms. Borrromeo suggested writing a letter or calling the tribal administrator to see if there were shovel ready projects in different regions or Alaska Native villages the state could partner on with tribes. She recommended using the funds under ARPA to leverage any state funds and tribal set aside funds to complete projects for the benefit of Alaskans whether or not they were enrolled in a federally recognized tribe.

Representative Carpenter thought the answer highlighted the coming challenge of communicating with several hundred tribes to understand how they were being impacted.

[2:38:36 PM](#)

Co-Chair Foster acknowledged both points. He thought how to avoid duplicating efforts and understanding the process was a good point. He spoke to the point about grants being competitive. He addressed the high level of need. He used village safe water as an example. He stated that the ADEC had come up with a list of over \$1 billion in terms of need for maintenance and new service for village safe water. He referenced slide 24 and highlighted that only \$20 million in ARPA was allocated for potable water nationwide. He remarked that even if Alaska received the entire amount, funds would still fall far short [of the overall need]. He noted it was only one piece of the puzzle and there were many components involved in coordinating the whole thing.

Ms. Borrromeo provided an additional suggestion about how best to communicate with 229 tribes. She believed that asking AFN to the meeting showed that the legislature knew how to communicate effectively and efficiently with the state's tribes. She detailed that AFN represented 169 of the 229 tribes in Alaska and it was able to push out information. She strongly suggested forming a relationship with the different tribal nonprofits in all of the regions. She explained that most regional tribes belonged to the tribal consortia, which was able to communicate quickly and efficiently with tribes as well. She added that communicating only with AFN and tribal nonprofits was not a substitution to trying one's best to send information in real time to the tribes. She noted that AFN was more than willing to help legislators with that. She believed tribal nonprofits would also be willing to help.

[2:41:11 PM](#)

Representative Wool referenced the Alaska Native corporations and the U.S. Supreme Court case. He assumed that tribal nonprofits were not under the same lawsuit. He asked if nonprofits were eligible in the same way tribes were, which was different than the for-profit corporations.

Ms. Borrromeo responded there were three primary entities with a responsibility to Alaska Natives or with authority

over them, including federally recognized tribes, regional nonprofits, and corporations. She explained that under certain provisions of ARPA, tribal nonprofits were eligible if Congress included them in the definition of Indian tribes. She relayed that most of the ARPA funding set aside for tribes was limited to federally recognized tribes. She elaborated that the Lower 48 tribes were very active in lobbying their different members of Congress in the new administration and had been very crafty in making certain Congress used definitions of federally recognized tribes as much as possible because it would benefit the Lower 48 collectively. She clarified that AFN did not fault Lower 48 tribes for the effort. She emphasized the high level of need across Indian country and tribes were advocating as strongly and forcefully as possible for their people. She explained that the effort hurt the chances of Alaska's federally recognized Native tribes of receiving some of the allocations; however, they understood why it was important that a strict federally recognized tribe definition was used as much as possible.

Ms. Borromeo continued that tribal organizations were eligible for a good amount of the different funds if they were included in the definition of tribal organizations, which they almost always were. She stated it was another good opportunity for AFN to be working better with tribal organizations and tribes in submitting some of the applications, especially when tribes and tribal nonprofits were eligible on their own.

[2:43:47 PM](#)

Representative Wool stated that much of the presentation included available funds to tribes across the country and did not give a breakdown for Alaska. He surmised that many of the funds were grants and the amount of money coming to Alaska would depend on who applied.

Ms. Borromeo replied affirmatively.

Representative Wool relayed that the committee had heard presentations from the Legislative Finance Division and others on CARES Act and ARPA funds. He referenced a handout the committee had received recently showing approximately \$400 million under the CARES Act and \$500 million or \$600 million under ARPA going to tribal entities. He asked if it was separate from the funds included in the current

presentation. Alternatively, he asked if the listed amounts were an approximation if the expected applicants applied.

Ms. Borrromeo directed attention to slide 21 that showed the \$20 billion coming through Treasury. She explained that the \$400 million allocated to all tribes came from the \$1 billion evenly shared by all 574 [federally recognized tribes]. She clarified that the funds highlighted by Representative Wool were not separate and were included in her presentation.

Representative Wool referenced Ms. Borrromeo's explanation that the funding was divided between the 574 tribes based on population, landmass, and so on. He understood the formula was more involved than just dividing the money equally by 574 or 229 in Alaska. He thought he had heard in a recent meeting that every tribe in Alaska would receive \$1.7 million, which was almost \$400 million. He asked if the information was accurate.

Ms. Borrromeo asked if Representative Wool was referencing the \$1 billion that would be divided equally across all tribes in the country.

Representative Wool replied that he did not know. He explained that the committee had been told in a recent presentation that each of the 229 tribes in Alaska would receive \$1.7 million. He stated it may have been inaccurate. He asked if the number was based on the \$1 billion divided by 574.

Ms. Borrromeo believed the person had been referring to the \$1 billion divided by 574. She was not entirely sure what the number was. She confirmed that \$1 billion would be divided by 574 and allocated to all 229 tribes across the state.

Representative Wool stated that the figure was \$1.7 million. He asked if the \$1 billion was divided equally across the 574 tribes. He referenced Ms. Borrromeo's testimony that some funding was based on population, landmass, and so on.

Ms. Borrromeo answered that the \$1 billion would be allocated evenly. She elaborated that of the \$20 billion to be allocated by Treasury, Congress had told U.S. Treasury Secretary Janet Yellen to distribute \$1 billion equally

between all 574 federally recognized tribes. Additionally, there was \$19 billion the secretary would allocate on a discretionary basis. She relayed the comment period to Treasury on how Indian country believed the funds should be allocated had closed the previous Friday. She informed the committee that Treasury had sent out a number of framing questions indicating that population and economic losses would be major factors. She explained the method was not necessarily equitable because many of the tribes running large casinos, operating oil and gas, or tourism business could qualify for non-tribal set asides, which were greater than the tribal set-asides in ARPA. She furthered that those tribes would likely be able to double dip under the \$19 billion and other provisions. She highlighted provisions for the service industry and restaurants as an example. She reported that any tribe owning a restaurant in a casino could apply.

[2:49:47 PM](#)

Representative Wool stated his understanding that one amount would be divided equally between all 574 [federally recognized] tribes with each tribe receiving approximately \$1.7 million. He remarked that it would certainly help smaller tribes in Alaska. He believed the larger \$19 billion would be allocated by population, which would not help Alaskan tribes as much as other parts of the country.

Ms. Borrromeo interjected that AFN did not know how the \$19 billion would be allocated. She explained that AFN had seen some framing questions from the Department of Treasury, and some follow up questions led AFN to believe population would be one of the main variables used to divide the money. She elaborated that when a tribal funding formula was developed by a federal agency, typically there were several components included such as population, land base, economic impacts, poverty, unemployment, and other. She reiterated AFN's expectation that population would be a major driver for the \$19 billion.

Representative Wool asked if there were any sidebars or rules on the \$1.7 million each of the 574 tribes would receive.

Ms. Borrromeo replied that tribes had requested maximum flexibility to be able to allocate the funds in line with their own tribal sovereignty. She stated that AFN was

expecting there would be significant flexibility with the funds. She explained that all of the funds would be subject to a federal audit and Treasury would have guardrails on some of the funds. For example, the funds could not be used for lobbying and had to be used for COVID-related purposes necessary for economic and health recovery.

[2:52:19 PM](#)

Representative Edgmon thanked Ms. Borrromeo for a fantastic presentation. He observed the presentation contained more detail than the committee had received on the ARPA package. He noted that he and various committee members had Alaska Native villages in their districts. He stated that \$2.7 billion was the last large federal funding that came to Alaska tribes under the Obama Administration in 2009. He stressed that the ARPA funding was \$32.5 billion. He referenced Ms. Borrromeo's discussion on partnerships. He was concerned that the state was not keeping its end of the bargain up. He highlighted that the state had cut a number of local government specialists around Alaska. He noted that the governor's proposed budget would cut one more of the positions. He explained that the specialists helped tribal administrators and others at the village level who would have demonstrate public health emergency needs, essential workers, and the same requirements the House Finance Committee had seen with the ARPA funds coming Alaska's way. He explained that the \$1.7 million for each of the 229 tribes would not be a blank check.

Representative Edgmon recognized there would be a tremendous amount of money coming into Alaska for tribes; however, the concerning feature was the issue of capacity and the number of tribal administrators and people who could actually do the work it took to get the money. He stressed that a vast amount of the \$32.5 million [billion] would be competitive money. He elaborated there would be competition with tribes in the Lower 48 that were likely more sophisticated, have more human capital, and larger populations in terms of formula-based programs. He saw an opportunity for the state to be a good partner and he hoped it had the chance to do its part to help compete for much of the money. He recognized that \$1.7 billion coming to the 229 federally recognized tribes in Alaska was \$389 million, which was a substantial amount of money. Additionally, there was \$20 billion, and a plethora of other projects shown in the presentation.

Representative Edgmon appreciated Representative Carpenter's question about how the tribal money would be tied into the budget process. He shared it had been his concern from the beginning in terms of how the tribal and other ARPA funds would be folded into the budget. He pointed out that many of the tribes in Alaska were in smaller communities with incorporated governments functioning under the state constitution like the City of Anchorage, cities of Palmer, Wasilla, Eagle River, Dillingham, Nome, Ketchikan, etcetera. He highlighted that numerous tribes also existed in urban Alaska including Southcentral. He underscored there was \$389 million in addition to the other funding to be obtained through the competitive process that would reverberate around the statewide economy.

Representative Edgmon thought he had perhaps heard somewhere along the way that villages did not pay their way. He could say from experience that villages paid high sales tax in addition to property taxes that differed community to community (Native allotment and non-Native allotment). He appreciated the thoroughness of the presentation. He emphasized it was a tremendous opportunity for the legislature on the tribal and non-tribal front. He emphasized that part of the legislature's job was to ensure there was enough human capacity to administer the grants, to make certain the money was spent appropriately, and that at some point a future legislature did not have a huge bill to pay because people did not follow the rules properly in tribal and non-tribal entities.

[2:57:59 PM](#)

Representative Rasmussen was curious to know if the state was lacking some of the human capacity for competing for the dollars, whether tribes were allowed to partner with groups like the Rasmussen Foundation to provide assistance. She wanted to know how they could set up the situation for success.

Ms. Borrromeo answered that tribes were able to partner with a broad array of organizations and individuals as they saw fit. For example, the Alaska Native Tribal Health System had a grant writing office that lent its time and talents to tribes as available. She agreed with Representative Edgmon that a navigator program would be extremely helpful in terms of what the state could contribute to the process.

She explained there were currently a vast number of tribal set-asides in ARPA and there would likely be more under the infrastructure package [under consideration by Congress]; therefore, a streamlined process where tribes knew where to go for a "one stop shop" would really help draw down some of the funds. She stressed that it mattered what an application looked like and how talented a grant writer was. She emphasized that the need in Alaska and the Lower 48 was great. She explained that the funds would not all be allocated based on need alone. Some of the funds would be distributed based on the application process.

Representative Rasmussen asked about the capacity the various tribes had when it came to the application process. She asked if the tribes had basic broadband internet access to apply if a program was online.

Ms. Borrromeo answered in the negative. She reported a recent situation where a person in a village had to fly to Anchorage to upload their application for submittal. She explained it was difficult to submit the applications in much of rural Alaska. She elaborated that the regional nonprofits helped the tribes along with the process. In terms of capacity, the tribes were very different across the state. For example, the Tlingit and Haida tribe was overseen by Richard Peterson in Juneau. She detailed the tribe had numerous departments including court systems, finance, child welfare, and an elders' program. There were also tribes in the Interior with a handful of members and one tribal administrator trying to keep track of the different funding programs and opportunities. She elaborated that the smaller tribe had one person doing a job that was spread out among 40 individuals in a larger tribe.

[3:02:44 PM](#)

Co-Chair Foster thanked Ms. Borrromeo for the presentation and asked if she had any closing comments.

Ms. Borrromeo appreciated the committee's time. She stressed that the federal funding was a once in a lifetime opportunity. She emphasized that Alaska Native tribes, tribal organizations, and Native corporations were extreme economic drivers and wanted to be part of the solution in terms of the fiscal gap. She explained that the entities were able to leverage federal resources in ways the state

was unable to. She relayed the entities welcomed the opportunity to partner with the state through ARPA and different economic stimulus plans coming out through the new administration. She believed there would be much more success working together to solve negative health and economic impacts from COVID.

Representative Edgmon thanked AFN for all of its work and consultation with the federal delegation. He acknowledged Senator Lisa Murkowski, Senator Dan Sullivan, and Congressmen Don Young for their work on the federal funding. He reiterated his appreciation for the presentation.

[3:04:46 PM](#)

AT EASE

[3:05:38 PM](#)

RECONVENED

#hb169

HOUSE BILL NO. 169

"An Act making appropriations for public education and transportation of students; and providing for an effective date."

[3:05:53 PM](#)

Co-Chair Foster listed individuals available online.

REPRESENTATIVE DAN ORTIZ, SPONSOR, introduced the legislation with a prepared statement:

I appreciate the opportunity for the chance to present House Bill 169, which is an appropriation bill for the education formula and pupil transportation for fiscal year 2022. House Bill 169 is a separate appropriation bill from the regular operating budget in order to pass funding for education earlier in the session and prevent school districts from issuing mandatory teacher layoff notices.

Each year, school districts rely heavily on an appropriation from the state to fund education, although we, the legislature, sometimes do not pass the operating budget until late May or June. School

districts must complete their budgets much earlier, usually in March. Districts are often forced to draft multiple budgets and anticipate low amounts.

In the face of uncertainty, school districts will sometimes issue pink slips to tenured teachers by May 15th and to non-tenured teachers by the last day of the school year because they did not know what the legislature was going to do specifically in relationship to funding for education; therefore, without knowing, by contracts, stipulations, and things like that, they sometimes are forced to hand out pink slips because they were left without the information they needed. Therefore, there was an opportunity cost with that. Education and students' success is a high priority for the state.

Keeping educators in the classrooms is one of the most effective ways to address that priority. House Bill 169 reflects the legislature's commitment to education, the school districts, and teachers.

Vice-Chair Ortiz further explained the bill was an attempt by the legislature to give early notice to districts as to where things would stand for them in relationship to funding. The goal was to hopefully avoid districts having to issue pink slips. He explained there was an opportunity cost with issuing pink slips because teachers sometimes decided to leave a community and take a job elsewhere. He highlighted the difficulty retaining teachers in Alaska. He hoped the problem could be avoided by working together to pass an early funding bill. He was available for questions.

Co-Chair Foster did not see the necessity of reviewing the sectional analysis. He pointed out that the legislature had provided early funding for education several years back. He explained early funding was different than forward funding. He elaborated that early funding meant paying the current year as the legislature normally would in the operating budget, but rather than putting it in the operating budget, it was included in a separate bill to provide funding sooner. He elaborated that with the anticipated ARPA funding, the operating budget timeline had slowed down. He detailed that if the budget was not completed until after May 15, it was a problem for school districts. He argued that while May 15 was the deadline, some school districts had multiple schools that were asked internally to provide

a list of potential pink slips by May 1. He highlighted that if the legislature did not issue a budget by May 10 or so, it would put some school districts in a bind. He pointed out that HB 169 was a basic bill that followed the formula. He clarified the bill did not contain any additional items such as projected ARPA funds or one-time increments.

[3:10:49 PM](#)

Representative Josephson asked what average daily membership (ADM) would be applied to the calculation.

Vice-Chair Ortiz answered that the ADM had been impacted in the current year by COVID. He had heard requests to use the FY 19 ADM numbers rather than the most recent October numbers. He did not know whether the legislature had the leeway to make the adjustment in the bill. He relayed he had submitted the question to the department.

LACEY SANDERS, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR (via teleconference), answered that there were no changes made by the current version of the bill and the Department of Education and Early Development (DEED) would utilize the existing statute to provide payments to school districts. Currently the projection in the bill was based on the ADM provided by the school districts in September 2020; however, there would be a new student count with preliminary numbers after October 2021. She detailed that a reconciliation would be provided by the department and finalized numbers would be available in March of 2022. She explained the March 2022 number would be paid to school districts.

[3:13:02 PM](#)

Representative Josephson provided a scenario where student populations beginning in mid-August looked more like a typical year as opposed to the current school year. He asked if the appropriation would look more like the 2019/2020 school year under the scenario.

Ms. Sanders answered in the affirmative. She detailed districts would be paid based on the school count period in the fall [of 2021].

Representative Rasmussen asked if it was possible to look at language for funding the following year as well in the same piece of legislation to bring some certainty to districts. She reasoned if the funding was within the same two-year cycle, the legislature would not be binding a future legislature to an appropriation. She believed it was important for the legislature do everything it could to not put teachers and schools in the position of receiving pink slips, especially during a time with many financial stresses on families.

Ms. Sanders responded that the bill provided funding for FY 22 and did not address FY 23. She believed it was what Co-Chair Foster had spoken to earlier when he had explained the bill did not forward fund education.

Co-Chair Foster added that the bill did not forward fund, but it could. He stated the other part of the equation was whether the legislature wanted to do so. He relayed the committee could add the provision with an amendment.

[3:15:47 PM](#)

Representative LeBon supported the legislation. He stated that he almost wished the legislature had passed the bill a bit earlier. He recalled his time on the Fairbanks School Board and reported that the school board had been deep into its budget process one to two months back. He highlighted that it still did not hurt that the legislature was giving districts some heads up that it was willing to fund to the formula. He stated that the bill would help regardless.

Vice-Chair Ortiz referenced an earlier question by Representative Josephson. He asked if it would be legal to use the ADM count from FY 19 with the understanding that those numbers may more accurately reflect the student count in October of 2021.

Ms. Sanders answered that using a different student count period would require a statutory change. She noted that the bill reflected the projections currently. She clarified that the actual payment made by DEED to school districts would be paid based on actuals in FY 22.

Representative Thompson noted that the bill looked at projections for the current budget using 2020 counts from the past fall. He believed funding would be short if the

student count in the fall increased to the 2019 level, but the budget used the 2020 count. He asked if it would mean a supplemental budget item.

Co-Chair Foster answered that it was possible to do a supplemental. He remarked that the question had been asked to Legislative Legal Services or another entity. He explained that if the 2019 student count were used, each school would get a disproportionate amount. He referenced a recent year when the legislature had allocated a one-time increment of \$35 million. He noted it had been necessary to get around the disparity test. He asked if the one-time increment had been allocated based on the ADM.

[3:20:07 PM](#)

Ms. Sanders clarified that the estimates provided in the bill were projections by the school districts on what they think the next school year would look like. She elucidated that the projections were not based on the districts' decreased populations during the pandemic. She explained the language in the bill provided the appropriation at the amount necessary to fund, which provided DEED the ability to pay school districts based on the actual student count period and did not require DEED to come back for a supplemental. The department reported back on the changes between the initial projection and the actual amount required. She reiterated it did not require DEED to come back for a supplemental. She agreed that the \$35 million had been an appropriation outside the foundation formula, which was allocated based on the adjusted ADM. She confirmed that changes to the formula required working with federal partners to avoid failing the disparity test, which would cost the state more money.

Co-Chair Foster thought there would be a \$26 million dip in the funding for education because students had gone to correspondence and fewer students had been in schools. He asked how to ensure schools did not see a reduction. He highlighted that eventually students would be back in brick and mortar schools.

Ms. Sanders replied that school districts would be paid based on their actual student count. In the current year, districts may see a dent based on the decline in actual student enrollment. She clarified that the fund appropriated in HB 169 would be based on the next [school]

year. She explained that school districts may have considered students returning from correspondence programs as schools were reopening in the next fiscal year and projections would not reflect the dip that occurred in the current year.

[3:23:28 PM](#)

Representative Edgmon spoke to projections versus actual student counts. He stated that in the fall of 2020, many schools had kids being instructed by remote learning or not in school. He stated his understanding that schools were projecting "x" number of students in the fall in order to meet the funding that would come into play in March of 2022. He asked if projections could be used to suffice for the student count.

Ms. Sanders replied in the affirmative. She elaborated that statutory guidance directed school districts to provide projections in the fall in order for DEED to have a budget to present to the legislature. She confirmed that districts provided projections.

Representative Edgmon used the Bristol Bay Borough in his district as an example. He remarked that most of the kids were at home. He considered a scenario where the district projected 300 students for the fall of 2020. In terms of the legislation, he asked if the projections would suffice as opposed to counting the actual students.

Ms. Sanders responded that DEED used projections when it developed the future year budget. She clarified that when DEED reimbursed districts during the year, it used districts' first nine months based on the FY 21 count and trued up in the final three months. She explained that projections were used for purposes of budgeting and when the actual student count occurred in October, the department used the actual counts.

Representative Edgmon surmised the legislature could appropriate \$1.1 billion in HB 169, but in the end, what actually went to school districts could be smaller because of the actual numbers in the true up.

Ms. Sanders answered that the funding could be less or more depending on student counts.

Co-Chair Foster referenced \$26 million the legislature had heard schools would be shorted. He asked if the \$26 million would be applied to the FY 21 budget with the "estimated to be" language. Alternatively, he asked if it was the projection for the FY 22 budget that schools would be short by \$26 million.

[3:27:11 PM](#)

Ms. Sanders stated her understanding that in FY 21 there was an increase over the projection in the prior budget. She would follow up with an answer in writing.

Representative LeBon stated there was a lot unknown out there. He shared that his own district in Fairbanks was doing everything it could identify returning students because many students sought other options as much of the in-person instruction had paused. He recalled having meetings in June and July during his time on the school board to adjust budget amounts because of new information. He explained that in Fairbanks, funding had come from federal sources because of the schools on Fort Wainwright and Eielson Air Force Base. Additionally, there was the state funding formula, a borough component, and miscellaneous grants. He highlighted that budget actions were not limited to one time per year.

Co-Chair Foster pointed out that although May 15th may be a deadline for tenured teachers, there was a deadline on the last day of school for non-tenured teachers, which was April 30 in one of the schools in his district. He stressed that the issue impacted schools.

Representative Wool stated that the student count was down in Fairbanks by 2,000 from the previous year. He added that statewide the count was down 2,000. He noted that kids doing remote learning during in-person school closures did not change the student count. He remarked that correspondence learning was within the public school system depending on the program. He pointed out that although projected numbers were down from 2019, some school districts were up. He cited Galena as an example and explained that correspondence schools had a surge in enrolment. He referenced many calls to legislators requesting the use of 2019 numbers [in the education budget]. He reasoned that if the budget used 2019 numbers, the schools with robust correspondence programs (e.g., the

Galena or Yukon-Kuskokwim School districts) would take a hit. He did not know what the correspondence schools' projected numbers were, but he speculated they would likely see decreases in student numbers. He reasoned that while it sounded simple, it may not be advisable to use 2019 student count numbers in the budget. He considered that statewide, the student count was only down by 2,000 and attributed the decrease partially to people leaving the state and private schools absorbing some of the students. He believed that remote schooling would not be offered in Fairbanks in the coming school year. He thought students would have the choice of doing correspondence or going to school in person. He speculated that school numbers would bounce back. He reported that his kids, who were attending school in person, had told him more students were returning to the classroom each week. He asked where student counts were currently in comparison to 2019 numbers.

[3:32:35 PM](#)

Ms. Sanders replied that she did not have the district allocation on hand. She shared that the DEED website had a report showing projections provided by school districts. She would include the information in her response to the committee.

Vice-Chair Ortiz asked if Ms. Sanders had the HB 169 sectional analysis on hand.

Ms. Sanders replied that she would pull it up online.

Vice-Chair Ortiz referenced language in the sectional analysis specifying the bill would appropriate the amount necessary, estimated to be \$1.193 billion. He asked if the number reflected the savings or lessened funding that would go towards the Base Student Allocation (BSA) based on declined student enrollment due to COVID.

Ms. Sanders answered that the number reflected the student count projected by school districts during the next school year. She relayed that school districts may have included some reduction based on projected declines, whether from COVID or students leaving the state. She could not speak to each school districts' basis for determining their projections.

Vice-Chair Ortiz asked if it was no longer the position of the administration that approximately \$30 million would be saved in the FY 22 budget based on declining enrollment.

Ms. Sanders answered that she was not aware of the statement being made. She was not aware of the \$30 million in savings due to [enrollment] decline. She reported that the actual cost of education had increased over the projection from the previous year. She elaborated that the number had increased by \$26 million from the previous session. She wondered if Vice-Chair Ortiz was possibly comparing FY 20 to FY 22.

Vice-Chair Ortiz answered that he was referring to a number referenced by Co-Chair Foster. He explained that the governor's initial budget reflected a decrease in BSA funding based on declining enrollment in FY 21. He did not recall the precise number referenced by Co-Chair Foster earlier in the meeting.

Co-Chair Foster recalled the figure as \$26 million.

Co-Chair Foster asked Ms. Sanders to include the information in the written response to the committee.

[3:36:46 PM](#)

Representative Carpenter asked for clarification on the projections and student counts. He referenced earlier discussion about September 2020 and October 2021 student counts for the ADM. He asked for verification that both were physical counts. He surmised the October 2021 count was not a projection. He thought the budget process used what he characterized as a third count reflecting projections created currently during the budget process. He asked for verification that the projected count resulted in the \$1.2 billion appropriation.

Ms. Sanders answered that there was one physical count period that occurred in October 2020, which determined what would actually be paid during the current year. The projection provided by the school district was at the same time for the following year; however, in October 2021, there would be another physical student count period that would apply to the next year's payment.

HB 169 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the schedule for the following day.

#  
ADJOURNMENT

[3:38:52 PM](#)

The meeting was adjourned at 3:38 p.m.